February 08, 2024

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Sub: Transcript of earning call held on February 06, 2024 for the Q3 & FY 24.

Dear Sir/Madam,

In accordance with Regulation 30 & 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find transcript of the earning call held on February 06, 2024 for the Q3 & FY 2023-24.

Kindly take the above information on record and confirm compliance.

Thanking you,

Yours faithfully

For Aurionpro Solutions Limited

Ninad Prabhakar Kelkar
Digitally signed by Ninad Prabhakar Kelkar
Date: 2024.02.08 11:56:05 +05'30'

Ninad Kelkar
Company Secretary

Encl: as above

"Aurionpro Solutions Limited Q3 & 9M FY24 Earnings Conference Call"

February 06th, 2024

MANAGEMENT: **MR. ASHISH RAI – CEO & VICE CHAIRMAN**
MR. VIPUL PARMAR – CHIEF FINANCIAL OFFICER
MR. NINAD KELKAR – COMPANY SECRETARY

MODERATOR: **MS. AASHVI SHAH – ADFACTORS PR – INVESTOR RELATIONS**

Aurionpro Solutions Limited
Q3 & 9M FY24 Earnings Conference Call
February 06, 2024

Moderator: Ladies and gentlemen, good day and welcome to the Investor Call for Aurionpro Solutions Limited to discuss the Q3 and 9M FY24 Results.

As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the contents over to Ms. Aashvi Shah from Adfactors PR, Investor Relations. Thank you and over to you, ma'am.

Aashvi Shah: Thank you. Good afternoon everyone. On behalf of the company, I welcome you all to the Earnings Conference Call for Q3 & 9M FY24.

Today, on this call we have with us from the Management Mr. Ashish Rai – Vice Chairman and CEO, Mr. Vipul Parmar – Chief Financial Officer, and Mr. Ninad Kelkar – Company Secretary. We will begin the call with brief "Opening Remarks" from the Management followed by a Q&A session.

Please note that certain statements made during this call may be forward looking in nature. Such forward looking statements are subject to certain risks and uncertainties that could cause the actual results or projections to differ materially from those statements. Aurionpro Solutions will not be in any way responsible for any actions taken based on such statements and undertakes no obligation to publicly update these forward-looking statements.

I would now like to hand over the call to Mr. Ashish Rai for his opening remarks. Thank you and over to you, sir.

Ashish Rai: Thanks Aashvi. Good afternoon everyone. And welcome to this earnings call for Q3 FY24. I'm sure by now, you all received the Investor Deck and I hope you had an opportunity to review it. We are of course quite pleased to see the disciplined execution and focus of our teams across the globe in Q3 and right through the year. We have sustained the growth momentum across both our segments and pretty much all the major business lines throughout the nine months ending in Q3 FY24.

The revenue for 9M FY24 stood at Rs.641 Cr. EBITDA is at Rs. 141 Cr and PAT is at Rs. 103 Cr which is essentially 37%, 35% and 37% growth for each of those three numbers, compared to the same period last year. So the nine month has been pretty solid. These results underscore the robust growth momentum that we are experiencing, slightly exceeding our projections and provides a solid reinforcement for the attainability, the achievability of our performance targets for Vision 2030 that we have outlined before.

Allow me to summarize the quarterly financial performance for your quick reference:

Revenue for Q3 FY24 stood at Rs. 231 Cr, that's a growth of 37% YoY. EBITDA for Q3 FY24 stood at Rs. 51 Cr as compared to Rs. 37 Cr in Q3 FY23 which is a growth of 38% on a YoY basis. The EBITDA margin was at slightly above 22%. The PAT for Q3 FY24 stood at Rs.38 Cr which is a growth of 45% on a YoY basis. PAT margins are slightly above 16% as you have seen.

Moving on to the businesses:

Banking and FinTech grew impressively and we expect this momentum to continue in the coming quarters with the new order wins that we have announced recently. We also announced two strategic acquisitions for Banking and FinTech Omnifin as well as Interact DX. These have now been fully integrated, and we expect them to also contribute strongly to driving the growth in this segment going forward. The performance of Technology Innovation Group remains steady with healthy traction and deal activity happening in the transit segment. We signed significant strategic partnerships in this segment, which we've announced with MasterCard and with Vix, which will help us consolidate our position in the existing markets as well as allow us to expand in newer markets we have not been present in.

We've been steadily expanding our presence in markets across the globe for transit with further wins in Australia, Mexico, as well as incremental additions in all other existing markets. So TIG again continues to deliver and execute very well. The impressive performance in Q3 and over the previous quarters is really the result of the capability, the focus and dedication of our product and delivery teams across the globe. Numbers just don't come close to capturing the sheer effort, persistence and engineering focus that it takes to solve the really hard problems. Our engineering and delivery team tackles every day.

We are really delighted that we have one of the most talented and dedicated teams in this business today. And with every passing day, we are able to attract more of the best and the brightest in this industry to come and join us in our mission. I feel very good about that.

We fully expect our growth trend to continue, as demand continues to be very buoyant across most of our key segments in the market, whether it's lending, transaction banking, cloud and data centers, or transit payments. We are also seeing significant collaboration with other global tech majors in terms of co-engineering solutions. We've announced that from time-to-time and bringing these solutions to markets across the globe.

We are sharply focused as always on continuing to enhance our sales channel, our delivery and as well as R&D capabilities to allow us to capitalize on the significant opportunity in front of us for each of our key business lines. As we approach the end of FY24, we feel confident in meeting or exceeding our guided performance target for the year. Our capability to achieve our goals is driven by strong and disciplined execution in building industry leading offerings through cutting edge, ground up R&D that we are very good at doing as well as through proactive M&A, and strategic partnerships where it makes sense.

Our order book now exceeds Rs. 900 Cr, demand and deal pipeline is the largest it's ever been. We have the trust of our clients and our partners. And we are incredibly lucky to have one of the most talented teams in the industry coming into work every day and playing to win. We of course can't control every variable that affects us. But looking at the picture as a whole we feel we are very well positioned to sustain our growth trajectory in the upcoming quarters.

Okay, with that, I'll close, and I look forward to an engaging Q&A. Over to you Aashvi.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Vimal Jamnadas Gohil from Alchemy Capital Management. Please go ahead.

Vimal Jamnadas Gohil: My first question would be on mining existing clients and this is regarding the Indian banking and financial services. Now, what I want to understand is, from the suit of products that we have, what is the penetration of each of our products on a per client basis, as in what I want to understand is what is the extent to which we can mine our existing clients. Thanks.

Ashish Rai: Hi Vimal thanks. So, good question. Look, in terms of, I'm not quite sure whether you mentioned India specifically, but look for us we are building out a fairly broad portfolio, which over time should allow us to go for a fairly wide share of the client's wallet especially in the banking and financial services space and we continue to add products as you say we already do lending which is useful to a bank and we are strong on the corporate side. We added a pretty strong LMS recently through the Omnifin acquisition that allows us more to sell. Stronger on the transaction banking side, we added Interact DX as well, so we can increasingly service and go after a much bigger share of wallet. The way the banking software business works typically, you drive some level of growth from the existing base, so for us, on the banking side to grow at about let's say 12% to 15% you don't really need new logos because you are able to add to the existing base that we have, typically to grow at the 35%, 37% rate that we are growing at right now you do need to steadily keep on adding new logos. So for us, we believe there is a huge opportunity to sort of for example, go after the lending base in Southeast Asia through with Interact DX with Omnifin, with transaction banking, go with the Indian banks, with a wider portfolio of offerings pretty much the full bouquet as far as India is concerned in our home market, we want to play with the full portfolio here. So that is banking, on the transit side we have built out what we believe is one of the most integrated end-to-end offering stacks in the space. And we will mine the business that we can get pretty much across the spectrum. So we already in some cases, provide partial solutions, we will expand that out into the full chain. But we have the ability to play for a very large share of the wallet, including payment systems and etc where we have applied for licenses and been receiving some positive feedback. So overall, we will, traditionally, it's been a smaller share for us but increasingly, especially in the Indian space we work now with pretty much all the large clients and we are quite significantly expanding our footprint in pretty much most big banks in India. Hope that helps.

Vimal Jamnadas Gohil: Yes, thanks. And sir on the same thing, if you can just give us some highlights on how much does SaaS contribute to in the overall scheme of things. And how much do licensing revenues contribute to our total revenue?

Ashish Rai: Yes, so I'm assuming by SaaS, you mean software, that is, so we kind of specifically declare that as a reportable number across quarters, and it will go up and down depending on the licenses we are selling in the quarter. But that's roughly, I would say 55% to 60% revenue is either software or goes around the software very closely tied to it. SaaS specifically, I don't like the label, because in my head it's just a progression of pricing models. So most large banks, for large submissions still continue to prefer term licenses which we sell. We do sell subscriptions in SaaS where it makes sense. And where it makes sense, we also sell pure consumption based model, so I would not put a label on the software thing, its enterprise license, or its term license or its SaaS or its consumption based, we would depending on the segment that the client will choose the pricing that makes sense to us.

Vimal Jamnadas Gohil: Right. If I may, just one question on profitability, while you guys have come a long way, what is the number that the group is currently comfortable with, where we can balance out growth, as well as margins. So any sense that you can give us there?

Ashish Rai: So, Vimal I have mentioned this in the previous earning call. So at the moment, our planning number for EBITDA is 21% to 22%. And our planning number for PAT is 15% to 16%. In the previous calls I said its 23% to 22% on the EBITDA and 15% to 16% on PAT, we feel very comfortable with those numbers right now. At 20+ EBITDA we are already probably among the top few most profitable players in Indian tech. We've been clocking that pretty effectively for the last, I would say, 3-4 years and we intend to keep EBITDA around those levels. Our intention is not to grow the EBITDA beyond 22% in the short to mid-term and there is a logic for it. Why we say that is the following. As the software business grows, the economics keeps on improving and we see that in our profitability as it comes in. But we are a very R&D driven company, to a very large extent with some very minor small exceptions, we have a policy not to capitalize the

R&D expense. And what is happening is, as the business grows in size, and as the economics improves, we pour the excess back into R&D. So the R&D number for example, has climbed up from 4-4.5% in the top line 3 years back to almost about 8%+ to the top line right now. So the goal would be, keep the EBITDA steady at between 20 and 22 we believe that gives us a good profitable model and pour the excess as the economics increase back into the R&D, the logic being very simple, we are going for leadership in large global segments. These segments have very large demand that we can go after. But it needs us to continue spending on R&D to keep spinning off new products, you don't see the value of those assets in any accounting report because we don't capitalize, but we believe that is what adds the most value to Aurionpro shareholder as we go forward. So to summarize, 20% to 22% on the EBITDA, 15% to 16% on the PAT, short to medium term that is the plan.

Moderator: Thank you sir. We have our next question from the line of Mr. Ahan from Vimana Capital. Please go ahead.

Ahan: Just had a couple of questions around the order book that you mentioned. You mentioned you have an order book of Rs. 900 Cr. What's the division between the Banking side and the TIG side? And going forward, you just mentioned on the growing R&D. So do you plan to invest in R&D so, how do you plan to expand R&D, just these two questions. Thanks.

Ashish Rai: Hi, Ahan thanks. So, the order book the split Rs. 900 Cr is roughly split 40% for Banking and FinTech and 60% for TIG. It's been roughly the same split over the quarters the last few times as obviously, the overall order book number has changed, but the mix has actually not changed much. And that's primarily got to do with the new project duration and the size of banking is primarily software driven and shorter duration contracts while the TIG is more execution consumption driven and hence the change. So that roughly mix, 40 for banking and 60 for TIG.

R&D, just to flesh that out a little bit more, we are extremely R&D driven as an organization. So we have been building out the product, where we are on banking software, by and large, the core products, we went through a fresh build over the last three years. So the core build is more or less done. But we will continue to spend on incremental R&D, especially as we go after newer markets. And there is always a little bit of development to be done around making the product fit for a specific market. On the Transit side, we have invested a lot in terms of R&D both on the software side as well as on the hardware side. So for example a few months back we announced, we built out our own EMV certified card reader and the associated devices along with the ground up, fresh R&D took us 2.5 years to build it. We are the only firm in India to launch an EMV certified card reader and it significantly improve the economics of the electronic hardware that we use on the Transit side. So we will continue to spend on R&D to try and become the most efficient player at every single value point when it comes to transit payment side. So, by and large we will remain R&D focused, we are pouring in something to the tune of I would say 8% a little bit above or below in terms of the R&D spend in the form and that has climbed up over the years. So three years back, it was probably Rs. 40- 45 Cr. Now it's probably close to Rs. 75-80 Cr. So there's a significant amount of R&D that will keep pouring in into the enterprise.

Moderator: Thank you. We have our next question from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: I have got three questions. First of all, what sort of inorganic aspirations we have in terms of growth that we see. Secondly, on the tax rate front, so what sort of tax rate we see, currently it's in the range of 15%- 20%. And why is our tax rate low and thirdly, on the growth part, how do we see overall company as a whole growing over next two, three years in terms of CAGR?

Ashish Rai: Okay. So, inorganic aspiration, we have so we've sort of always used M&A, as well as some sort of strategic partnerships as a part of the strategy, the way we approach it is the following. We typically, so when we started our pivot into being a global products and platforms player four years back, roughly three and a half years back, we chose a few segments. For each of those segments we had a blueprint in terms of the solution footprint that we want on those segments to be able to capitalize on the demand that comes from it. Now these are typically segment like for example close loop, open loop transformation on the transit side, the digital transformation on the corporate loan book on the lending side, etc. So we said, this is where the demand is, this is where I want to be in terms of the solution and the ability to compete and go after the leadership globally in that specific space. We obviously did not have the full footprint that we want in the space to begin with, nor do we have the full footprint right now. So where it makes sense, we will always at every point where we need to do something, there is always a choice whether you want to build or you want to buy, and in some cases it will make sense for us in terms of just the return on capital that we can drive, the time to market that we have and the window that we have for the opportunity, it would make sense for us to go and do M&A and we will go and do that M&A, we announced a couple of those in the past two quarters. And we will continue to every single value point that we want to expand on we will continue to keep asking ourselves, if it's something we want to build, or is there an opportunity for us to go and partner with some other firm and go and acquire that capability. So that is one we have done that in the past, we will continue to do that and we have got a fairly strong track record of acquisitions that we have made.

Our lending solution came from Integro which is a Singapore based company that we bought has done exceptionally well, it's a leader in Asia in that space. Our transit, a large part of our transit stack, or a significant part of our transit stack came out of SC Soft in Singapore that we acquired and Toshi out in India recently. Omnifin, Interact DX acquisitions we have announced are doing very well for us. So we continue to use it, we will continue to use it, where it makes sense for us and the Aurionpro shareholders.

The second part tax rate, sorry so, and where we will acquire it also in addition to the solution footprint, is in some cases market access. So we do want to be a global player, we will expand the solution footprint through acquisitions like the ones we have done and I mentioned, we may also decide to do it for market access at some point. So those are the decision points, and we will continue to play it as we go.

Tax rates we typically plan for something of the order of 17% -18% in terms of tax rate, last quarter it was about 15% or thereabouts. And, what really happens is for us, because we are a global firm. And again, Singapore especially we get a significant amount of tax relief, Dubai as well, we are in tax free zone. So overall it nets out to something in the range of 17% -18%. But it will go up and down depending on the mix of the business, one between global and India. And second between, various part of global and Dubai and Singapore.

We go to third part. So third part was our growth. So, what do we expect in terms of growth going forward over the next 2-3 years? So this is how we think about growth. We are so far, let's say, last four odd years we've grown at a CAGR of something of the order of 32% or 33%. We typically use over medium to long term planning horizons at 25% to 30% growth as the benchmark for our planning. We believe we are going after very large segments where obviously the demand that can be tapped is very significant compared to our current size. We are playing in mostly double digit billion dollar global segments where Aurionpro as a whole is and what, slightly over a billion dollars. So you are a very small player in very large segments. But we also happen to be one of the most competitive players with big ambitions and with an extremely competitive product stack and we happen to be the most efficient producers around right. So we will win share, what does that mean, in terms of growth in the next two to three years, right now from what we see, for pretty much most of our business lines, demand far outstrips what we can do. So we are, I would say, we will continue to plan at let's say 25% to 30%, growth number. But that doesn't mean every business line is towards that level for some business lines. So like TIG as a whole has been going at 50%+ for the last three years, because there's a significant demand for more transit, as well as the cloud and data center business. So we will continue to maximize what we can get, the opportunity size for each of the segment is just very large. And I will not really guide that far forward, but I will say we will typically plan over short, medium long term in 25% to 30% of the range.

The one thing to think about is this. So, if it is a pure services business is usually a very simple call of demand and supply, if I can find demand to grow at 50%, I'll typically hire to grow at 50%. The product business tends to be slightly more complex, there's a lot more moving parts and there is a risk to pushing the pedal too hard. Because, ultimately what matters in the business is delivery reputation, which we have a stellar reputation we intend to keep. And we feel that that 25% - 30% is the right level to plan to be able to continue delivering client success and continue being share. So you have to play for the long term in this business and not try to sort of maximize the short term. Hope that makes sense.

Moderator: Thank you. We have our next question from the line of Sahil Sharma from Columbus Capital. Please go ahead.

Sahil Sharma: Sir for the last year or so our order book was hovering around Rs. 800 Cr, and in this quarter it has expanded to Rs. 900 Cr. So we have added orders around Rs. 320 Cr or so this quarter. And this seems to be a step jump from the last quarter, we were adding roughly Rs. 200 Cr or so of orders. So just wanted to understand if you can share what has led to this increase, any kind of qualitative analysis on geography vertical, if possible client name?

Ashish Rai: Okay, thanks Sahil. I think you made a very good observation on the order book, so you obviously looked at it very closely. So there are several sort of aspects to this we're probably getting into, one is the way we look at our orders. Typically, most of the order book that we declare, is executable I would say +70% of it is executable over the next 12 months. It's just the nature of business that we do. And also, we typically don't trap long term for example, AMC style numbers in our order books. So we typically add it for the next 12 months and we'll leave it at that. So, what that normally does is, we are adding and consuming at about the same pace. And you are totally right for the last few quarters, it's been almost exactly the same give or take, plus or minus 5% at most. What has been happening to the business, however is the following. One is our product builds for each of the major pieces of software as well as a large number of pieces on the hardware side as well. Our product builds are largely done over the last two, three quarters and we have started selling in sort of a much more significant way than in the past. Second thing and I've mentioned this in the previous earnings calls, we've really expanded our sales channel. It's a much stronger sales channel than let's say three quarters back. Typically, when it comes to sales, productivity, and sales cycles for most part of our business is 12 -18 months. So it takes you three or four quarters to actually see the effects of adding on sales it doesn't matter what the quality of that sales team is good or bad. Both the results you start seeing only in three or four quarters and that's now starting to play out. So the pipeline that we have today is significantly larger for lending, for transaction banking, for transit, and for cloud and data center. So those four lines have a much more significant sales pipeline than we have had let's say four quarters back.

Second, since the product builds are largely done and our products are very competitive now, our win rates have also climbed up, at least on the banking software side, and that probably remain steady on transit and BCU, which is already pretty good. So, by and large, you got a bigger pie if you got a better conversion. So that adds to the order book, the last aspect I didn't cover was also the size of the order especially on the banking side that we are going after now is significantly larger than what it used to be. And that is also increasingly reflecting in the size of the order book on the banking side especially, because there was a size of deals, which we were not going after that, we both have the balance sheet now as well as the EBITDA to go after and the products to go and compete well. So we have announced some of those wins in the last quarter, we will announce some more so bigger pipe, higher win rate, the products are a lot more competitive than we have and a lot of the rebuilding we've done now things are just much more settled. So the machine is sort of firing all cylinder.

Sahil Sharma: Great, sir. Sir in my next question, I wanted to understand so we had announced that we might do a fundraise for up to Rs. 650 Cr, sir just wanted to get your thoughts on whether it would significantly dilute existing shareholders. And also, given that this is a large fundraise, what are we planning to do with this amount and what kind of utilization are we planning?

Ashish Rai: So Sahil you are right, Board recommended and we obviously filed the part about the fundraise, we don't yet have the shareholder's approval for it. And as and when, we file the placement documents, etc., you will get all the details around it at the moment, we're still pending shareholder's approval on that one. Just a broad picture on the enterprise what I can say is, we do see, so while we have been growing strong, organically, we do see the opportunity to deploy a much larger amount of capital in the enterprise and continue to drive the high return on capital that we have seen over the last, let's say three, four years. So we do see that opportunity as and when the placement document is out you'll have the details.

Sahil Sharma: Great, sir just a last question from my side sir. 90% or so of our revenue is coming from Asian and Pacific region, and roughly 8% from USA. So one thing I was wondering is basically, whether in FY25, 26 27, when can we see the USA revenues ramping up significantly and given that, we are building primarily for Indian and Asian clients right now, in the sense of the costing and all. Still, we have a 20%, 22% EBITDA margin despite spending 8% on R&D. So given all of that, when we are cross selling or selling these products to the American clients, can we expect better economics or better margins or would they be roughly similar due to the competitive intensity?

Ashish Rai: Yes, so you have two parts to that question right. One is US, it is less than 10% of the firm's revenue at the moment. And the reason for that, apart from the fact that we have not focused on US in the past in a very organized way, the other reason for that is it is very hard for products to break into. So, obviously as you all know, the services player are pretty big in US, and that's a straightforward arbitrage play, product really needs a lot more in terms of adaption to the market, local references, all that stuff. So we are being very measured in how we expand. We are certainly focused on it, whether that percentage will change, I don't know in the near term. We want it to change, I'm pretty sure in absolute numbers, you'll see the growth. So that's the dollar numbers we feel positive about being able to grow at a good pace. Whether that percentage itself will change depends on whether the rest of the world slows down, at the moment I don't see that. So, the India side of business is also growing rapidly. I mentioned this in the previous calls my aim was to if right now it's 60% of the business in India and 40% is outside of India, my aim in the past was to at least move it to a 50:50 at least balance it out. And while that has been the ambition, and we have expanded on all fronts, expand the sales channel, expand the partnerships all that stuff, the challenge for that is India still continues to grow at a much faster rate. So, the percentage moving is a function of, if US grows 40%, and the rest of the world including India, also grows at 50%, the percentage is not going to go up. But absolute terms, we feel very good about it. And we will keep on expanding.

The question on the margins is, look the realizations in US and Europe are certainly higher on an average than realizations in Asia. But the product business in Asia, as you scale also is a fairly profitable business, a lot of the economics gets driven not so much from Asia versus Europe, a lot of the economic is driven by scale. So as software business scale, the ability to extract margins, as well as to give capital back to the enterprise will normally improve. And that's the lever which we use for growth steadily, even while we operate in 90% of Asia. So, to large extent that one has to keep that point in mind with scale comes economics, it’s regardless of the market that you are in when you are selling software especially. US, I would expect realizations are typically 50%, more like-for-like in US and the developed parts of Europe. But then the cost structure would also go up. So you may not in the year that we make progress, or in the first two years that we make progress you may actually not notice the difference in economics, because, the cost structure goes up before the economics kicks in. That's my thought, by and large short to medium term I would say expect the firm to hold to its planning guidelines of 20-22% on EBITDA and I would not really be looking at improving it.

Moderator: Thank you. We have our next question from the line of Varun Mohanraj from Skaniva Capital. Please go ahead.

Varun Mohanraj: So in the past we have told that our sales cycle in the banking and financial vertical is close to 18 months. So can you throw some color on the product life time in this banking space, and also the split in percentage wise for the R&D spend which goes into the newer products and the percentage that goes into the improvisation of older products. Thank you.

Ashish Rai: Okay. So look, the banking software, lifetime typically, I would expect to be in the range of 20 odd years. So the software that we sell, people must understand, we sell lending software, that is a core business for any bank, typically it’s sold to large banks, and they would move to it after a lot of thought. Once you move into it, it's highly mission critical. It's very difficult for a bank to move away if they are live and in production with the system. So with most of our customers, we rarely see attrition, with live customers in the let's say corporate loan origination space. Same thing in the transaction banking software space, these are mission critical systems once the bank is in, they would typically buy it with a mindset to stay with it for a very long time and that's been our experience typically banks don't go away. I would say forever, but if you were to put a number, 15 or 20 years at least.

The other question about new product versus incremental improvement. So sort of typically, most of the R&D we are doing is in the offering stacks that we have mentioned. So lending, transaction banking, transit, some amount in data center now we are productizing some offerings and payments as well a little bit of R&D, we typically don't class small improvements as R&D. So it would normally be a net new product that we are building out. But you can probably consider most of what we do as incremental sort of additional product inside the same product segment. So we are not building out like, in a completely random net new area. But if we build lending software, we will one more additional module of that software, that is what will count as R&D. If we were doing minor improvements, or bug fixing and stuff like that, that typically would not be R&D. Similarly, on the hardware side, typically, it would be a net new product that we are building out, like the card reader I mentioned, or the payment devices or things like that. So that's how we really look at R&D. I'm not sure if I answered the question. Probably, I'll go one down, does that make sense or were you asking something else?

Varun Mohanraj: No, I got it. So my second question is regarding the TIG segment. So we have told in the past that we concentrate more on the design aspect of the data centers. And in the last call we were talking about developing a key product in the data center delivery. So, I just wanted to know how are we planning to expand our offerings in the data center business or are we sticking to the original design part alone, if you can throw some color on it, and just one follow up on it, TIG we've been historically growing at 50% and this quarter alone it has soften around 28% to 30%. So any one of you can clarify on it. Thank you.

Ashish Rai: Okay, good. So, look data center, we intend to continue to build on what we have, we have one of the best data center design teams in the country, we have one of the best program management teams, when it comes to program managing the build, and we work with a few strategic partners, that kind of business will go as it is. We did say, Aurionpro being Aurionpro we are looking at productizing some parts of the business, we are already piloting it with some clients. So, at some point in time soon enough we will announce probably something in that space. And the hope is to improve the economics of the business more by productizing certain aspects of it and which is our normal preferred approach to any line of business that we take or any particular day, we look at the value chain as a whole, we look at occupying every point on that value chain, then we look at productizing every point becoming the most efficient producer there, build Tier-1 IP. So, data center space is no different. We will go down the same path. But, at some point in time when we are fully ready we will probably talk about the productization aspects. I don't want to be giving away our trade secrets on an earnings call. So, the historical growth for TIG. So TIG, you are totally right, we will slow down this quarter in terms of growth. For the first nine months of the year, though we are still North of 50% on TIG. So, it's a very strongly growing business for us. What I mentioned in the last earnings call, or the call before is our focus on TIG is going to be to get more selective around certain types of business that we want to do. So we will keep doubling down on the transit side, that's a third of the TIG business, we will keep doubling down on the data center and cloud side, that's kind of the third. But then we do a whole bunch of work around smart city and government work where we will have to become a bit more selective in terms of the business that we want to do to focus on high quality deals where we can definitely add value, as well as run the business in the way that we really want to run and deliver value there. So, you'll see some level of that reset why now, why not in the past or in the future. Again, this is something I mentioned in the previous earnings calls, we were last year, so we always look at the balance between banking software and TIG. In the last year, I was fairly clear we were focusing more on the product build and it will take time for, so we were slowing down on banking, so we can focus on the product built to divert capacity there and it will take time for banking to come back into strong growth. So last year, for those who studied it, banking as a business grew, 15% or 16% there about, TIG as a business grew at 55%. What, I had said for this year is, we would work on bringing the banking growth up. We will work on bringing the TIG growth down and our hope will be to try and get the two to converge, something in the middle or maybe not too far off from there. So, that is what we and I probably mentioned that two or three quarters back. So that's been a part of a plan strategy to get more selective on TIG as we feel more confident about growth on banking. So if you have seen the numbers on banking, banking this quarter grew at 40%+ and this is after quite some blocking and tackling, building out of products, building out channel, etc., that we have done over the last four quarters. So now we feel a lot better about growth on the banking side, and hence we will get more selective on the other side. Overall, TIG would still be a 50%+ business this year, or thereabouts at least first nine months, it's 51%.

Moderator: Thank you. We have our next question from the line of Suryansh from BizX Enterprise. Please go ahead.

Suryansh: Sir, my question is that last time in the conference call we talked about the acquisition of hardware capabilities, the company gets opportunities to new businesses. So what are the developments on those new ventures?

Ashish Rai: Okay, so good question thanks Suryansh. Look hardware for us was always a play into completing the offering so that we can occupy the whole chain then go after some larger deals as we scale up the capacity. Although hardware, it takes a little bit of time to work on a few aspects before you can get very confident around scaling it up. On the electronic hardware side, now we are very confident. We have done the requisite R&D in terms of having our own designs for most of the parts. We have put in place, the manufacturing capacity in Malaysia to go out and scale it, the manufacturing capacity in India to go out and scale certain parts of it. So, right now it takes some time to get the tuning out right, it takes some time to get the designs right, it takes some time to get the capacity in place. We feel very good about where we are, in terms of especially, on the transit side, where we do a bulk of the hardware. Where, the only sort of additional input I would put in there is, just because we have every component of what a transit operator would require, it does not mean we walk into every deal with every single one of those components, we will pick and choose depending on where we want to play. So even though we do the transit gate, we do the validator, we do the card readers, we of course do the SC software and then we hoping we will have the payment gateway side fully locked down and operational as well very soon. So, we play a lot of components, we will pick and choose depending on the deal, over all the business is scaling very well. We started exporting a lot of the hardware out to US, Central America, Latin America as well. Most recently to Australia. So, it scaling pretty nicely, we've taken some time to put the pieces in place, but we feel good about where we are.

Suryansh: Okay. And sir my next question is like in transit business, how we get the business, its tender driven or capabilities or some relationship or like banking partner, how we get that business?

Ashish Rai: So, it really varies. So by and large we are not going to do deals where we have to plant a lot of capital so that is pretty clear. So, in India we are getting very selective about the business that we do. We obviously are one of the most dominant players in in India, we've got a whole bunch of sites live, we have got even Nagpur, Noida, Kanpur together with SBI, we got UP transport, Haryana transport, etc., we will collectively keep picking up some deals in India, but we will be very selective on what we take on. Outside of India where there is a situation in which we can go on our own, which necessitate that it's not a CAPEX deal and it's a pure technology head-to-head, we will go on our own. Case in point - California there was an open global RFP. We went on our own and we won, of course with some partnerships with Visa helped us out and et cetera. But we went on our own and we competed and we won. Where there is a large deal, especially where CAPEX is involved, we will go through a partner, Maldives for example, MasterCard was fronting us we, we are the technology provider to MasterCard, Australia as well the same thing. Most of the deals in Central Latin America are again through partners. So it really depends on the nature of the deal, it would vary, the pricing models would vary, and we will typically the only sort of broad guideline I would have is if there is a CAPEX deal, we would not put our capital at risk in the deals, we will go through a partner, whether that's a bank, or it's something like MasterCard. So we announced this, two or three months back this partnership with MasterCard, and we are already in multiple sort of engagements with them. We announced this partnership with Vix, which is another very large global transit player and we are going in some select markets together with them. So, we will continue to do.

Suryansh: Okay, sir and one last question is that, when you said that we don't want to do, like not in that way we don't want to but like, you leave it on the player to basically decide it's SaaS or like licensed deal. What, I was trying to say is that, is it nature of the business or like we don't have those power to influence the customers to get in SaaS or like licensing?

Ashish Rai: Look, to me SaaS is sort of one of those fashionable words, which people try to make out a whole category out, ultimately what is it that the firm makes, the firm makes software. And we sell that software depending on the right side of pricing for the segmental. We typically sell a lot of lending software to very large banks. These are mission critical systems for large banks, they are much more comfortable buying it around enterprise license, I haven't seen too many large banks buying a collateral management system or a corporate loan origination system in a SaaS mode, the more you go into the small banks and the NBFCs you will see that, so the way we do it is we've done SaaS models with the non-banks, we've done SaaS models with some digital lenders. And for the large banks, we typically go with enterprise license, because that is the nature of the market. Where we see the industry going typically is, we see more and more movement towards consumption led models. Eventually, at the end of the day pretty much a large part of what a bank needs to orchestrate a process can become a simple API call, and we can charge for that on a consumption basis. In many ways we have gone towards it. The reason I don't put down one pricing model is we don't see the point in trying to really straightjacket our clients. And we don't see the industry competing that way. Most of the large enterprise financial technology players use Enterprise license models. Most of the small financial software players use SaaS models. We sort of straddle the spectrum. So we will be across, enterprise licenses, we will be across SaaS, and we will be across as the consumption based models sort of become more prominent we will be across that as well.

Moderator: Thank you, sir. Ladies and gentlemen, that was the last question of the day. I now hand the conference over to Mr. Ashish Rai for closing comments. Thank you and over to you sir.

Ashish Rai: Thank you. So thanks, everyone for joining the call. We continue to execute the way we say will execute, we continue to deliver what we said we will deliver. We will stay focused on trying to capitalize on the demand in front of us. As I said right now, the demand far outstrips what we can do in the market. So the focus for us would be to keep on increasing our capacity to really be out there in more markets, service the clients and as well as continue to scale the organization for the bigger and bigger scales that we get to. So that's the priority for us. I look forward to seeing you in the next call. Thank you.

Moderator: On behalf of Aurionpro Solutions Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.